

## 'Down on the FARM' at ALIA

What is the ALIA FARM Standing Committee?

No, this is not an interest group of librarians interested in rural pursuits although I do live in Orange and love the country life (though maybe a little more Country Road than down and dirty!).

The Finance, Audit and Risk Management (FARM) Standing Committee is a permanent standing committee established by the Board of Directors to advise it on financial management, audit and risk management matters. There are three Board members on the Committee: Derek Whitehead, ALIA President; Philip Keane, Board member; and myself as ALIA Vice-president, which indicates the importance that the Board of Directors places on the role of FARM.

I am pleased to announce that the Board of Directors has appointed John Fletcher as an external representative on the FARM Standing Committee. John is a Chartered Accountant. He has worked as a partner in a chartered accountancy firm, has been a consultant to industry and a financial controller with national then international responsibilities. John retired in 2006 but stays active as an accountant and within the community. He works part-time with the YWCA of Canberra and is on the Board of the UCIF (Uniting Church Investment Fund).

John will provide strength to the Committee's work by being able to cast an unbiased and experienced eye over the financial performance reports, budgets and plans, risk assessments and the audit review. The Committee has been without the expertise of an external representative since we lost the benefit of the experienced Lesley Piko who had to resign in August 2007 due to increasing work commitments.

Further details of the Committee's members, its work plan and terms of reference can be found at <http://www.alia.org.au/governance/committees/standing/finance.html>.

### ALIA not immune from worldwide financial debt crisis

Many members will have been affected, either directly through their own investments or indirectly through the decrease in the value of superannuation fund investments, by the current financial debt crisis. At the time of writing, the news is full of predictions of further market decreases, substantial interest rate reductions, increased inflation, the 'R' word and other doom and gloom.

In October 2006, the (then) Board, after carefully considering the risks and benefits, acted upon the advice of an investment advisor and invested into an ANZ portfolio with funds placed into five managed funds with a fairly conservative, but extensive, spread of investment classes comprising cash, property and both Australian and international fixed interest and shares. The rationale was, and is still correct: that investing into multiple investment classes should, overall, produce higher returns and dampen the effect of a downturn in any one investment by being countered by the rise in another.

By June 2007, our \$2.000M investment had grown to \$2.131M (almost a 10% per annum increase) and in September 2007, it was \$2.166M. And then the crisis hit. Even the 'experts' and 'savvy' investors have been caught and burned by the speed, severity and extent of the downturn. Our investment currently stands at \$1.9M. Although ALIA has not been immune from the effects of the crisis and we have lost some investment income, I believe that due to the relatively low risk profile we have followed, we have not been more severely affected.

It should also be noted that although foreign debt and share investments have lost in both returns and investment value, the domestic investments are still producing an income in the form of interest and dividends and are still holding their investment value.

The FARM Standing Committee (and through it, the Board) have been receiving regular updates, advice and recommendations from its investment advisor and from other sources. The general consensus is not to panic or act rashly in switching or cashing in investments. Switching into cash when interest rates are falling could result in both investment losses and even less returns. Based upon the advice we receive, the Board will decide the best time to act to maximise our investment returns within the low risk profile and to minimise our exposure.

We are still strong financially by having both cash and bank investments more than sufficient to cover our debts, the ownership of an unencumbered building last valued three years ago at \$4.25M, members equity and reserves of \$5.9M and a strong and varied income stream.

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## Cyber-safety update

**Safer Internet Day: 10 February 2009**

<http://www.saferinternet.org>

The main objective of Safer Internet Day 2009 is to bring together relevant public and private stakeholders, in as many countries as possible, to raise awareness about safe and responsible use of new technologies especially among children and young people.

Safer Internet Day in Australia is being coordinated by the Australian Communications and Media Authority (ACMA).

### Government helping you stay smart online

<http://www.staysmartonline.gov.au>

Australian home and small business users are increasingly using the internet in their everyday lives—for shopping, banking or simply exchanging information.

Recognising this, the Australian Government has developed a range of tools to help Australians use the internet in a secure manner. These resources are available through the Stay Smart Online website which is a whole of government one stop shop for easy to understand e-security information.

This website includes:

- Stay Smart Online Alert Service, a free subscription service that provides up-to-date information in simple language on the latest e-security threats and software vulnerabilities and how to address them
- a self-assessment tool developed to help small businesses adopt appropriate e-security measures
- three short videos that demonstrate:
  - how to protect your computer and stop intrusions
  - smart behaviour to protect your personal and financial information
  - wireless internet security
- practical tips on social networking, smart transacting and keeping kids safe online.